

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-11 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

AF-06 ARA-06 EA-07 NEA-10 XMB-02 /134 W

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P R 041734Z MAR 76

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 8540

INFO AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: GATT ETRD

SUBJECT: GATT PANELS ON DISC AND RELATED TAX PRACTICES

REF: GENEVA 1497 (NOTAL)

1. WISH REMIND WASHINGTON AGENCIES THAT DISC AND RELATED TAX PRACTICES CONSIDERATION IN GATT WILL BE SUBJECT OF SMALL GATT PANELS COMPOSED OF TWO TAX EXPERTS, TWO GATT EXPERTS, AND A CHAIRMAN. THIS FIVE-MAN GROUP WILL HOLD ITS FIRST SESSION IN A SMALL ROOM (PALAIS ROOM H-3) BEGINNING MARCH 16 AT 10:00 A.M., POSSIBLY CONTINUING TO END OF WEEK. THEY WILL DETERMINE THEIR OWN PROCEDURES AND ARE OBLIGATED TO FORM THEMSELVES INTO FOUR SEPARATE PANELS TO CONSIDER FIRST THE EC COMPLAINT AGAINST DISC AND THEN THE THREE SEPARATE U.S. CON-

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PLAINTS AGAINST TAX PRACTICES OF FRANCE, BELGIUM, AND THE

NETHERLANDS. MOST LIKELY, THEY WILL ASK THE U.S. TO
APPEAR AT LEAST ONCE DURING EACH OF THE PANELS.

2. AS REPORTED REFTTEL, MARIADASON OF SRI LANKA, THE
CHAIRMAN, HAS ONLY RETURNED TO GENEVA MARCH 4. WE HAVE
IMMEDIATELY APPROACHED HIM TO URGE THAT HE TELL US AS
FAR IN ADVANCE AS POSSIBLE ANY PROCEDURAL DECISIONS HE
IS ABLE TO MAKE. MARIADASON IS ONLY BEGINNING TO STUDY
THE SUBJECT; WE ARE MEETING WITH HIM AGAIN MONDAY,
MARCH 8.

3. TELEGRAPHIC TRAFFIC ON SUBJECT IS OF COURSE VOLUMI-
NOUS, BUT WASHINGTON SHOULD ALSO BE AWARE OF AIRGRAM
FROM USEC BRUSSELS A-361 OF SEPTEMBER 26, 1973, CONCERN-
ING EC COMMISSION VIEW THAT FRENCH TAX PRACTICES INCON-
SISTENT WITH ART. 92 OF ROME TREATY.

4. RELEVANT GATT DOCUMENTS ON THE FOUR PANELS
ARE FOLLOWING:

A) L/3851 OF MAY 1, 1973 GIVING EC COMPLAINT AGAINST
DISC UNDER GATT ART. XXIII:2.

B) L/3860 OF MAY 17, 1973 GIVING U.S. COMPLAINT
AGAINST FRANCE, BELGIUM, NETHERLANDS UNDER
ART. XXIII:2.

C) C/M/87 OF JUNE 13, 1973 (AND CORR. 1 OF JUNE 18,
1973) GIVING MAY, 1973 GATT COUNCIL DISCUSSION.

D) C/M/89 OF JULY 30, 1973 GIVING JULY, 1973 GATT
COUNCIL DISCUSSION.

E) L/3955 OF NOVEMBER 12, 1973 GIVING COUNCIL'S REPORT
TO CONTRACTING PARTIES (PAGES 14-16).

5. TACTICALLY, SUGGEST U.S. DEL BE PREPARED SUPPLY
WRITTEN SUBMISSIONS TO ALL FOUR PANELS BUT IF POSSIBLE
WITHHOLD FULL-FLEDGED DEFENSE OF DISC UNTIL WE SEE
BASIS OF EC'S COMPLAINT. AS WE SEE IT, IT IS UP TO EC
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TO TELL DISC PANEL PRECISELY WHAT THEY THINK IS WRONG
WITH DISC. WE COULD THEN MAKE JUDGMENT AS TO HOW BEST
RESPOND TO CHARGES MADE. DALE

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